

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO. 2776-19
BILL NO. SCS for SJR 47
SUBJECT: Constitutional Amendments: Health Care; Tobacco Products
TYPE: #Updated
DATE: February 10, 2000
#to reflect updated estimates of revenues from Master Tobacco Settlement

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue##*	(\$135,464,421 to \$163,593,300	(\$162,447,798 to \$201,093,556)	(\$164,044,888 to \$207,115,878)
Missouri Tobacco Settlement Trust#	\$135,420,621 to \$163,549,500	\$162,447,798 to \$201,093,556	\$164,044,888 to \$207,115,878
Total Estimated Net Effect on <u>All</u> State Funds	(\$43,800)	\$0	\$0

*Foregone anticipated revenues (deposited in Missouri Tobacco Settlement Trust Fund instead of the General Revenue Fund)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Social Services, Department of Health, Department of Mental Health, Department of Revenue (DOR), and Office of Administration** assumed, in responses to similar proposals, that the proposed legislation would have no fiscal impact on their agencies or that they could accomplish duties under this proposal with existing resources.

#Oversight notes that the proposal does not cause any additional revenues and does specify how revenues would be used. Oversight notes that the specifications are areas which the state currently makes expenditures and therefore is assuming a net fiscal effect on all state funds as zero (except for election costs).

#Estimates of amounts Missouri will receive from the Master Settlement Agreement are ranged from estimates made by the Office of Administration - Division of Budget and Planning to estimates published by the National Governors Association (NGA).

#Budget and Planning's estimates assume upward inflation adjustments of three percent (3%) to each years annual payment and downward volume adjustments of 10% in 2000, 12.7% in 2001, 14.9% in 2002, and 16.6% in 2003. These volume adjustment assumptions are those recommended by Federal Funds Information for States and are based on estimates developed by Standard and Poors.

#The NGA figures do not include any offsets, reductions or adjustments; therefore, Oversight has included a 3% per year inflation adjustment.

Advertisement costs for the proposal would be \$4,380 per newspaper column inch for three publications of the text of the proposal, the introduction, title, fiscal note summary, and affidavit. The proposal would be on the ballot for the November 2000 general election.

<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
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GENERAL REVENUE FUND

<u>Cost-Secretary of State</u>			
Newspaper Advertisements	(\$43,800)	\$0	\$0

<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
Foregone Revenue - Tobacco Settlement	(\$135,420,621	(\$162,447,798	(\$164,044,888
	to	to	to
	\$163,549,500)	\$201,093,556)	\$207,115,878)

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$135,464,421</u>	<u>(\$162,447,798</u>	<u>(\$164,044,888</u>
	<u>to</u>	<u>to</u>	<u>to</u>
	<u>\$163,593,300)</u>	<u>\$201,093,556)</u>	<u>\$207,115,878)</u>

MISSOURI TOBACCO SETTLEMENT TRUST FUND

Income - Tobacco Settlement	\$135,420,621	\$162,447,798	\$164,044,888
	to	to	to
	\$163,549,500	\$201,093,556	\$207,115,878

ESTIMATED NET EFFECT ON MISSOURI TOBACCO SETTLEMENT TRUST FUND	<u>\$135,420,621</u>	<u>\$162,447,798</u>	<u>\$164,044,888</u>
	<u>to</u>	<u>to</u>	<u>to</u>
	<u>\$163,549,500</u>	<u>\$201,093,556</u>	<u>\$207,115,878</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2001	FY 2002	FY 2003
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal would specify that monies received from an award or settlement between the state of Missouri and tobacco companies would be deposited into the Missouri tobacco settlement

DESCRIPTION (continued)

trust fund and that those monies would not be part of Total State Revenues.

The proposal would also specify how tobacco settlement funds would be spent:

- 1) sixty percent (60%) for health care and health research;
- 2) twenty percent (20%) for smoking abuse education, prevention and cessation; and
- 3) twenty percent (20%) would be deposited into the "Emergency Budget Reserve Fund" and could be used for any state emergency, natural emergency or budget deficit, upon two-thirds vote of each chamber of the legislature.

This legislation is not federally mandated, would not duplicate any other program, would not require additional capital improvements or rental space. The proposal might affect Total State Revenues.

SOURCES OF INFORMATION

Department of Health
Department of Mental Health
Department of Revenue
Department of Social Services
Office of Administration - Division of Budget and Planning
Secretary of State
#National Governors Association
#Federal Funds Information for States Issue Brief 99-16: Estimating Tobacco Payments



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Director
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